

The Subsidiary Ledgers

Computerized accounting systems are capable of handling a large number of accounts and transactions. They therefore may not use the traditional subsidiary ledgers and control accounts that were necessary for a manual accounting system. However, some computerized systems have maintained the structure of subsidiary ledgers to support general ledger control accounts.

When it is necessary to provide more detail regarding accounts in the General Ledger, special ledgers, called *subsidiary ledgers*, are maintained. The subsidiary ledgers support accounts, called *control accounts*, in the General Ledger.

Four General Ledger control accounts are listed in the Chart of Accounts (Procedure No. 204): Revenue (9840), Other Financing Sources—Optional (9845), Expenditures (9850), and Other Financing Uses—Optional (9855). When Revenue (9840) is used as a control account in the General Ledger, a subsidiary Revenue Ledger will be maintained to provide detailed information on the source of all revenues. For example, the subsidiary ledger might be used to maintain the following accounts:

<i>Account number</i>	<i>Account name</i>
8011	State Aid—Current Year
8021	Homeowners' Exemptions
8041	Secured Roll Taxes
8110	Maintenance and Operations (PL 81-874)

The total revenue received by the LEA at any given time will be shown in the control account, and the breakdown of this total revenue, by *source*, will be shown in the subsidiary Revenue Ledger. The balance in the subsidiary Revenue Ledger (Credit) must agree with the balance in the revenue control account (Credit). A complete list of revenue accounts, by source, is shown in Procedure 301. If a revenue control account is not used, the revenue accounts, by source, will be used in place of account 9840 (Revenue) in the General Ledger.

The expenditure control account (9850) will be supported by a subsidiary Expenditures Ledger (Appropriations Ledger), which will have separate accounts for objects of expenditures, such as salaries, fringe benefits, and books, or it may contain accounts which break down expenditures by program (and within each program into salaries and so forth). The expenditures control account will show the *total* expenditures for a given period of time, and the subsidiary Expenditures Ledger will show the breakdown of this

total, by program and object. A complete list of expenditure accounts is shown in Procedure 401.

Subsidiary ledgers may be set up for any General Ledger account that requires a high level of detail. For each subsidiary ledger, a control account *must* be maintained in the General Ledger. The balance of the control account must agree with the sum of the account balances in the subsidiary ledger that it controls. Therefore, each time an amount is posted to a control account in the General Ledger, a like amount must be posted to an account or accounts in a subsidiary ledger.

In addition to being used to account for revenue, expenditures, other financing sources, and other financing uses, subsidiary ledgers may be maintained to account for the detailed transactions of investments, accounts receivable, accounts payable, stores, and fixed assets.